
OFFICE OF THE ALBANY CITY TREASURER

DATE: October 27, 2016

TO: Hon. Kathy M. Sheehan
Members of the Common Council

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny

RE: 3rd quarter 2016 Performance

The following is a summary of the unaudited results for the 3rd Quarter 2016. Our financial situation in the 3rd Quarter remains precarious, but stable in the short term. Our cash position is stable and we are closely monitoring whether a RAN issuance will be necessary in November/December. However, we believe the chances of being forced to issue a RAN for 2016 are diminishing.

Revenue in the third quarter of 2016 totaled \$124.5 million which was \$6 million more than the same period last year at this time. Expenses totaled over \$127.3 million and decreased almost 1.5%, about (\$1.9 million) compared to the third quarter of 2015.

REVENUE (Thousands)

	Sept	Sept		%	Sept	Annual		%
REVENUE	YTD 16	YTD 15	Variance		YTD 16	Budget	Variance	Budget
PROPERTY TAX	56,595	56,698	(103)	0%	56,595	56,528	67	100%
SALES/USE TAX	24,762	24,487	275	1%	24,762	33,304	(8,542)	74%
PILOTS/19-a	16,948	11,680	5,268	45%	16,948	20,470	(3,522)	83%
OTHER LOCAL SOURCES	1,769	1,976	(207)	-10%	1,769	3,193	(1,424)	55%
LANDFILL	8,932	8,756	176	2%	8,932	9,819	(887)	91%
OTHER DEPARTMENTS	3,952	2,038	1,914	94%	3,952	6,025	(2,073)	66%
INTER GOVERNMENT	175	178	(3)	-2%	175	245	(70)	71%
FINES	3,360	3,077	283	9%	3,360	7,158	(3,798)	47%
LICENSES AND PERMITS	2,316	2,446	(130)	-5%	2,316	3,629	(1,313)	64%
STATE AID	2,440	2,689	(249)	-9%	2,440	29,591	(27,151)	8%
SALE P/COMP/LOSS	268	185	83	45%	268	394	(126)	68%
MISCELLANEOUS	2,871	2,668	203	8%	2,871	9,178	(6,307)	31%
OTHER	117	118	(1)	-1%	117	2,178	(2,061)	5%
DEBT RESERVE	0	1,335	(1,335)	100%	0	1,000	(1,000)	0%
TOTAL REVENUE	124,505	118,331	6,174	5%	124,505	182,712	(58,207)	68%

The chart above summarizes the City's sources of revenue through September 30, 2016.

1. **Property Tax revenue** is lower than last year by \$103,000 as a result of paying more SCOs compared to the same period last year. It was still over budget at the end of the third quarter despite paying more for assessment reductions by the end of the quarter. This account will be reduced further by SCOs received in the 4th quarter.
2. **Sales Tax revenue** the third quarter sales tax revenue increased 1% and totaled almost \$24.8 million which was \$275,000 higher compared to last year at the same time although we are slightly below budget at 74% at the end of the quarter.
3. **PILOTS/19-a revenue** was 45% higher than the same period last year from receiving half of the \$12.5 million in additional 19-a funds for 2016. PILOT revenue was \$5.3 million higher compared to last year.
4. **Other Local sources revenue** was actually 10% lower than the third quarter of 2015. Interest and penalties on property taxes was down by \$139,000 and utilities gross receipts tax decreased by \$76,000. Some of the gross receipts tax decrease is related to receiving payments in early October just after the end of the third quarter.
5. **Landfill revenue** increased 2% compared to last year at the same time. Tipping fees increased by \$223,000 from commercial and municipal customers resulting from increased spot market fees, rather than lower, large volume fees, which is simultaneously increasing revenue while decreasing waste inflow. Coupon sales also increased by \$67,000. Contaminated soil revenue decreased by \$99,000.
6. **Other Departmental revenue** was 94% higher than the same period last year. Most of the increase was the result of the new waste collection fees (\$1.8 million). APD Event Security revenue increased by almost \$244,000 and EMS and rental registry revenue increased by \$120,000. Golf fees and permits and golf cart and range fee information was not available for the quarter while this report was being prepared.
7. **Fines and Forfeitures revenue** increased by 9% from the third quarter of 2015. Both parking ticket fines and surcharges increased. Traffic court fines were up from last year by \$93,000. However, Red Light Camera revenue is not expected to materialize so this budget line will be under at year's end. September's parking ticket revenue actuals were not available when this report was prepared.

8. **Licenses and Permits revenue** decreased 5% (\$130,000) compared to the same period last year. Safety Inspection permit revenue decreased by \$46,000, plumbing permits decreased by \$155,000, taxi medallion revenue decreased by \$21,000 while street opening revenue increased by \$74,000. The decreases are mostly the timing of revenue collection and are expected to increase during the second half of the year.
9. **State aid** decreased by 9% (\$249,000). Most of the decrease is related to a decrease in mortgage tax revenue which decreased by \$215,000 from the same period last year.
10. **Miscellaneous revenue** increased 8% (\$203,000) compared to the same period last year primarily from recycling revenue which increased by \$171,000. This was a new revenue source started in 2015 and there was only \$76,000 for the third quarter last year.
11. **Other revenue** decreased by \$1,000 compared to the same period last year. Most of this revenue is derived from federal government grants and the timing of these payments varies from one year to the next.

DISBURSEMENTS

Category	Sept YTD 16	Sept YTD 15	Variance	%	Annual Budget	Variance	%
Personal Benefits	55,725,825	55,091,655	634,171	1.2%	75,494,125	(19,768,300)	74%
Fringe Benefits	28,870,653	30,344,781					
Retirement Estimate	8,763,678	8,230,657					
	37,634,331	38,575,438	(941,107)	-2.4%	54,860,143	(17,225,812)	69%
Non-Personal Service	33,971,715	34,225,147	(253,431)	-0.7%	51,526,434	(17,554,719)	66%
Use of Debt Reserve	0	1,335,000	(1,335,000)	-100.0%	1,000,000	(1,000,000)	0%
Total	127,331,871	129,227,239	(1,895,367)	-1.5%	182,880,702	(55,548,831)	70%
Number of weeks in period	40	39	1		52		77%

Total disbursements decreased by \$1.9 million or 1.5% compared to the same period last year. Spending was down in Fringe Benefits and in Non-Personal Service while Personal Benefits increased compared to 2015.

1. **Salary expense increased by 1.2%** (\$634,000) compared to the same period last year. Most of increase was related the Fire department salary expense which was up by \$622K from last year, partially because of OT. Most of the other City departments were level or had slightly lower salary expenses for the quarter, and overall, salary expense is below budget for the year.
2. **Benefits Expenses decreased by 2.4% for the quarter.** Most of the decrease in this category is related to a decrease in retiree health cost which decreased by \$458,000 from the third quarter of 2015. The Police department had a decreased of over \$787,000 in workers' compensation costs from the same time last year. Overall, benefits expense is below budget for the year, but that could change before the end of the year.
3. **Non-Personal Service spending decreased by 0.7% (\$253,431)**, and is below budget for the year. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. While the second quarter had a small increase from last year the third quarter saw many decreases over last year. DGS saw decreases in the following accounts, mostly due to the milder winter: gasoline expense decreased \$286,000, motor vehicle repair expense decreased \$234,000 and snow removal supplies and expense decreased \$433,000. Some of the following had increases from 2015: Demolition expenses increased by \$162,000. Police department motor vehicle expenses increased \$40,000; Utilities expense increased \$163,000 which was mostly due to an increase in street lighting expense; landfill operating expenses increased \$337,000. Although we are below budget thus far, costs in this category can be volatile, particularly based on poor weather.
4. **Encumbrances (funds reserved for purchases) increased by almost \$486,000** compared to the same period last year. Encumbrances total \$4.1 million at the end of the third quarter.

OVERTIME

Department	2016	2015	Change	%	2016	Budget	% of Budget
Police (non-reimbursable)	3,717,580	2,983,522	734,058	25%	3,717,580	4,050,000	92%
Fire	781,872	1,617,493	(835,621)	-52%	781,872	439,000	178%
Communications	162,668	124,159	38,509	31%	162,668	175,000	93%
Parks Maintenance	116,614	129,033	(12,419)	-10%	116,614	200,000	58%
Waste Collection	133,625	138,281	(4,656)	-3%	133,625	175,000	76%
Landfill	70,514	103,661	(33,147)	-32%	70,514	151,000	47%
Central Maint.	30,221	61,995	(31,774)	-51%	30,221	70,000	43%
Street Maintenance	154,868	84,562	70,306	83%	154,868	300,000	52%
Street Cleaning	0	100,336	(100,336)	-100%	0	0	0%
Recreation	10,177	9,901	276	3%	10,177	12,000	85%
Traffic Engineering	27,962	28,653	(691)	-2%	27,962	45,000	62%
Capital Hills	16,377	19,149	(2,772)	-14%	16,377	26,000	63%
Central Garage	4,754	11,209	(6,455)	-58%	4,754	28,000	17%
Bleeker Stadium	94	0	94	939900%	94	600	16%
Buildings	59,811	30,198	29,613	98%	59,811	50,000	120%
DGS Administration	893	410	483	118%	893	5,000	18%
Control of Animals	5,608	6,577	(969)	-15%	5,608	9,000	62%
Special Events	12,578	9,074	3,504	39%	12,578	15,000	84%
General Fund	5,306,216	5,458,213	(151,997)	-3%	5,306,216	5,750,600	92%
Police (reimbursable)	891,127	707,310	183,817	26%	891,127	1,192,658	75%
Traffic Eng. (reimbursable)	224	160	64	0%	224	3,000	7%
Water	528,123	448,451	79,672	18%	528,123	580,000	91%
Totals	6,725,690	6,614,134	111,556	2%	6,725,690	7,526,258	89%

General Fund overtime was at 92% of budget at the end of the third quarter.

Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 3% (\$151,997) lower than the same period last year.

The Police department had the biggest increase in overtime payments which were up by almost \$734K resulting in part from OT related to open positions and the Police reimbursable overtime was up \$184K in part from increased event detail APD presence. The Fire department decreased by over \$835K and posted its lowest 3Q OT since 2012, but ended the quarter at 178% of budget as a result of decreasing their budget by \$311,000 from 2015. Much of the OT remains due to the training of new recruits, and \$25k is reimbursable. OT is expected to be reduced going forward as new recruits fill staffing gaps. The majority of departments have lower overtime expenses this year than last year.

CASH



The City's cash position was 15% less than forecasted but \$1.6 million higher than the same period last year. Most of the increase is the result of NYS providing half of the additional \$12.5 million in 19-a money to the City in the second quarter. The balance of the 19-a money is due in the fourth quarter.

CONCLUSION

It is a positive sign that many smaller efforts to increase revenue are being successfully implemented (parking tickets collections, landfill and other departmental revenue). However, although revenue is up almost \$6.2M from last year, and expenses are lower through the third quarter (1.5% less than last year at this time), these savings and/or revenue increases are not necessarily expected to last or continue. We are cautiously optimistic that the overall reductions in personnel and non-personnel expenditures will hold for the year. We are also cautiously optimistic that a RAN issuance will be unnecessary for 2016. That being said, the City will have to continue to find other savings and revenue sources in order to offset decreases to the fund balance related to increases in salaries and associated expenses, as well as other revenue declines and cost increases.